THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) to (d) The information is being collected and will be placed on the Table of the House.

World Bank aid to fight poverty

64. DR. ALLADI P. RAJKUMAR: Will the Minister of FINANCE be pleased to state:

(a) whether World Bank has identified India amongst the most needy for poverty aid;

(b) if so, the aid promised by the World Bank; and

(c) the reforms proposed to be taken up to fight poverty with the support of aid?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) World Bank through International Development Association (IDA) provides concessional credit to member countries for assisting their ongoin developmental efforts including elimination of poverty. India is the largest recipient of IDA credit.

(b) and (c) In the present cycle of IDA, namely IDA-13 (July 2002 to June 2005), appromixately SDR 2 billion is expected to support the developmental efforts. The current India Country Assistance Strategy (2001—2004) of the World Bank Group is consistent with the objectives and the poverty alleviation strategy embodied in the Five Year Plans.

Fraud prone areas in Banks

65. DR. DASARI NARAYANA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether RBI and banking sector have identified the common fraud prone areas in banks;

(b) if so, the details thereof; and

(c) what steps are Public Sector bank has taken to prevent frauds in these areas so identified?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Yes, Sir. The common fraud prone areas as identified by RBI and banking sector are as under :

1. Opening of new fictitious deposit accounts by persons not properly identified by the bank followed by deposit of fake/stolen/ forged instruments in such accounts and immediate withdrawals of the proceeds;
2. Submission of false stock/financial statement to avail finance;
3. Clendestine removal of goods hypothecated and siphoning of sale proceeds;
4. Raising of accommodation bills;
5. Kite flying;
6. Manipulation in outward/inward clearing;
7. Raising unauthorised debits on nominal heads of account;
8. Manipulating and tampering with the books of accounts by passing unauthorised entries;
9. Sanction of one time *ad hoc* credit facility to non-clients;
10. Issue of Letter of Credit, Bank Guarantees without recording in the branch books;
11. Issue of pay orders/demand drafts without consideration;
12. Availing of credit facilities by submitting forged/fake documents of properties offered to banks as securities;
13. Some other areas are - same property offered as security to different banks by submitting fake title deeds; mortgage of non-existent properties/fictitious documents; loans granted to persons without verifying their whereabouts/details; documents verified by fake/non-existent chartered accountants; fraud in vehicle and consumer loans; fraud in export credit, etc.

(c) The Public Sector Banks have taken various measures to prevent/ reduce the incidence of frauds in banks such as introduction of concurrent audit; formation of Audit Committee of the Board of Directors to look into the working of internal inspection and audit machinery; review of systems and procedures with regard to balancing of books, reconciliation of inter branch accounts, etc.; intensive screening of candidates at the time of recruitment; clear demarcation of duties and responsibilities of employees and periodical rotation of staff; initiating disciplinary action promptly and awarding exemplary and deterrent punishment to the delinquent employees; etc.